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An Introduction

One thing I can tell you is that licensing is a growing industry, there is no shortage or there is no limitation on intellectual property. Let's say growing market place grows every year, and there is no shortage for the man for good ideas. Intellectual properties or IP stands for intellectual properties but also means innovative products there's no shortage to that and there's huge demand for innovative products, services and technologies. And what I'm going to show with you are the processes, procedures, details on how you license your intellectual properties to generate this cash flow, create cash flow generating assets from your ideas. So with that I'd like to begin and we'll start with at the beginning, we're going to talk about what is licensing. What is licensing, what are its benefits, why it is a low risk leverage strategy supposed to all the strategies out there. We'll talk about some of those options to licensing, we do have a number of options and licensing is very dynamic, flexible tool that you can that you can use. It could be implemented in your business plan, into your commercialization if you will and any number of ways. There are many ways to commercialize intellectual property and licensing can be applied at any point in time depending on what your strategy is and we'll talk about that. And were going to talk about the types of licensing, property sectors, in this first part of licensing we'll look at somebody's property sector, what they are from the stand point of defining the categories that they're in. Well look at the property models, how these licensing operate, what are the economics of it, what are the time frame for, how are these intellectual property world mature and decline in the market place we'll take a look at that. And then we'll talk about creating a licensing plan because licensing is a component of marketing and it's very important to understand that you do need to create a licensing plan and there are many steps to building your intellectual property and were going to be talking about that thru the course of this presentation, on how you build and commercialize your intellectual property in this many steps that will go along with that. Part of that is creating a licensing plan. Okay, it's a licensing plan to help you identify what your potential market license is, how you're going to be build value, and how you commercialize your idea. And I'm going to show with you some key information resources in this first part that you can use to help you with constructing this plan.

Licensing is Leasing Money

So let's begin with what is licensing. And basically what licensing is you're leasing an intellectual property, a legally protected idea, and that legally protected idea can be a trademark, patent or copy right. It could be a copy righted name, a logo, a character phrase, a design and it's your licensing this legally protected property, you're an essence leasing it to a third party to commercialize it. And this agreement is a contractual agreement between you, if you're the

property owner or you may have an agent representing you. And we'll be talking about that later in this presentation. And the licensee could be a manufacturer, could be a retailer, and could be a combination of both. And there many different facets of licensing in a many different ways that licensing can be applied. And it's a contractual relationship which specifies the terms, the relationship and one thing that I will be talking about throughout this presentation is the depth. Licensing should be looked at as building a long term partnership, building a win-win relationship between you and your licensing partner. And I'm going to be talking about that in greater details when you looked at it. Developing deals, negotiating deals, strategy for deals but what the licensing agreement does is it provides the terms and obligations for that relationship. Defines it to a stand point of a time period, financial obligations, and it's through this financial remuneration that you the property owner are benefited from a licensing agreement.

And we'll be talking about the financial terms in greater detail as we take a look at royalty rates and how those impact or impacted by the value of a property. Now included in this presentation is a workbook and we'll be focusing on part one on the first part of this presentation. So the first part in your workbook talks about what is licensing and you could follow along, there are pages that you could make some notes on it and I highly encourage it to do so cause we will be covering a lot of information and the workbook is designed to cover or provides you with the key points, key highlights and then you can supplement that with some notes that may come to mind as we go through this presentation.

The 7 Key Licensing Benefits

Now, there are number of benefits that licensing offers, especially which relates to commercializing or another term for that is exploiting intellectual property. And it is benefits that actually create the basis for your plan. Okay the benefits, and the reasons why create the basis for your plan. And it's the reason why your intellectual property is attractive. Your intellectual property is attractive for, intellectual property is attractive for a number of reasons. Okay.

1. **Fast Track to Retail:** Licensing offers a way to take an intellectual property and increase its presence in retail, for example, if you are a small company and you are looking to enter a new markets, though greater distribution. You might be able to use licensing to acquire the rights to a major trademark that is more exposed let's say the mass market or specialty market and apply it to your current product line.
2. **Gain Brand Exposure:** And by virtue of the license, you have an entree with the retail buyers there who are interested in a particular brand because of the

awareness of their consumers to that brand, the success of the sales that they've had of that brand in the retail channel. So an intellectual property in that circumstance offers a great way to increase retail distribution and also offers a great way to increase brand presence. Many trademark and logo licenses, you know trademarks and brands from some very big consumer products manufacturers, be it beverage, auto, candy, whatever the case is use licensing is a way to expand their presence in retail that benefits them in a number of ways, it helps to reinforce the brand.

3. **Poor Man's Advertising:** Advertising and promotion is very expensive in this age by having noncompetitive product categories available. It gives these brand owners some added exposure in the market place which further enhances that for sale. Plus they also receive revenues from licensing.
4. **Brand Integrity:** Another benefit of licensing is it enhances and supports the core values of brands. There are many brands out there that can license and create associations under the product categories and service categories that help to reinforce the value of the brand and the integrity of brand. For example perhaps, you know there's a trend to healthy foods now. So there are many companies that would look toward health food companies or companies that are developing healthy foods as potential candidates for licensing because their products that they produce are the type of products that they would like to see associated with their brands. Thus they will be interested in licensing.
5. **Reach New Markets:** As I've mentioned, licensing is great way to enter a new market, it could be both from the manufacturing perspective if you're looking at a new market as well as again getting exposure for a brand into a new market. You can use licensing to do that through the relationship between the manufacturers, the licensee and the service provider and the licensor. And in many cases, licensing offers a way to enter a market may be was unreachable before. For example, I have a client with a toy company; they were to enter in the United States toy market. Obviously, it was a very challenging proposition and one of the things that we discussed in length and planned and executed on was the licensing strategy that would allow them to license major kids brands, provide access into the key retail channels in the united states especially into the toy channels who have had are successful in selling their toy brands. So these retail channels are very interested in carrying products that are associated with these brands and have proven to be successful selling products or services as well.